

Top Secret

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SUDAN: Increasing Pressure on Nimeiri

*US officials in Khartoum believe serious unrest may occur if new austerity measures are imposed to meet the IMF's terms for a standby loan, or if no IMF agreement is reached.* [REDACTED]

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The IMF conditions include a major devaluation that will result in higher prices on essential commodities. President Nimeiri is resisting some of the proposals and has sought US support to ease the Fund's terms. [REDACTED]

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Comment: Nimeiri probably will have to agree to the IMF's conditions. Without an IMF agreement, many aid donors would be reluctant to provide further balance-of-payments assistance, and crucial debt rescheduling would be difficult. Foreign currency reserves are almost exhausted, and without an agreement shortages of essential imports of food and fuel will become more severe. [REDACTED]

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If widespread urban violence breaks out in reaction to tough austerity measures, the regime's survival could depend on the willingness of the military to put down the protests. [REDACTED]

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[REDACTED] The military's ultimate loyalty, however, is likely to hinge on Nimeiri's ability to show some progress in resolving economic difficulties. [REDACTED]

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